

INTERIM RESULTS

for the Year Ending March 2013

November 19, 2012

HANWA CO., LTD.

- *Compared with the same period of last year, our interim net sales has decreased by 3.6% and reached 735.5 billion yen, due to decline in steel and metal prices.*
- *our interim net income was 87 million yen, mainly due to contraction of profit margins and extraordinary losses.*
- *Annual earnings forecast :*
 - Net sales 1,486 billion yen (114.0 billion yen lower than predicted)*
 - Operating income 12.3 billion yen (5.7 billion yen lower than predicted)*
 - Ordinary income 10.6 billion yen (4.4 billion yen lower than predicted)*
 - Net income 3.9 billion yen (4.8 billion yen lower than predicted)*
- *We pay 4 yen as interim dividend and plan to pay additional 6 yen as the end of this fiscal year dividend.*

Operating Results (consolidated)

(Millions of yen)

	2012/9	2011/9	Rate of changes
Net sales	735,573	762,648	-3.6%
Gross profit	20,665	25,837	-20.0%
SG&A expenses	15,633	15,727	-0.6%
Operating income	5,032	10,109	- 50.2%
Non-operating income/expenses	(825)	(0)	-
Ordinary income	4,206	10,109	-58.4%
Extraordinary gain/loss	(4,358)	(3,307)	- 31.8%
Income before income taxes and others	(151)	6,802	-
Income taxes	(54)	2,859	-
Minority interests/loss	(10)	120	-
Net income	(87)	3,822	-
Comprehensive income	(1,833)	3,556	-

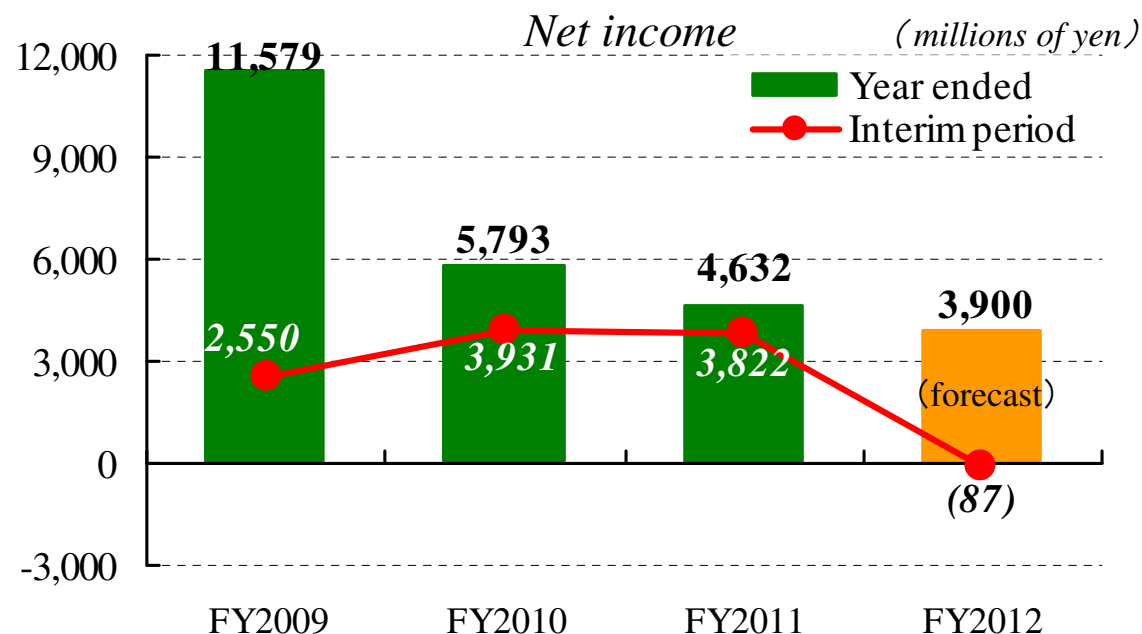
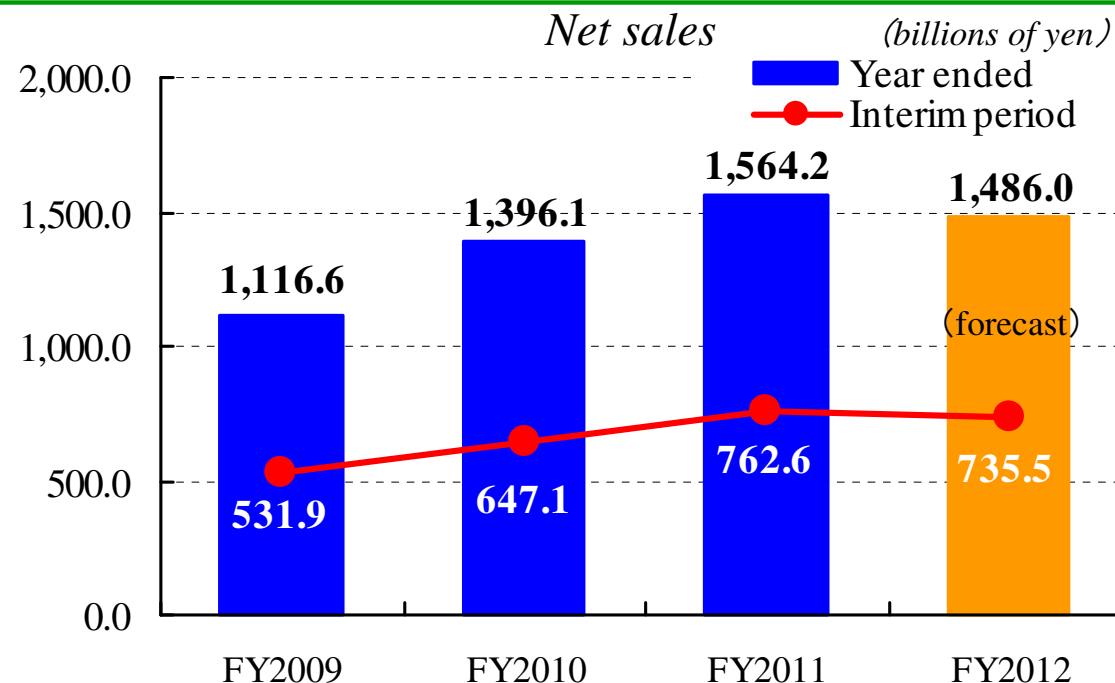
- Net sales amount has decreased by 3.6% for the same period of previous year. In Steel, metals/alloys and non-ferrous metals businesses, sales prices dropped.
- Operating and ordinary income decreased, due to contraction of profit margins from price decline.
Operating income -50.2%
Ordinary income -58.4%
- The interim net loss was 87 million yen, mainly due to impairment losses on investment securities.
- EPS was -0.42 yen (-18.86 yen)

Changes in Business results (consolidated)

Although demand had been recovering, as this fiscal year began, exports from China slowed because of the prolonged economic slump in Europe. A shift in the Chinese economy is occurring due in part to measures to hold down investments.

Demand in Japan was relatively steady but prices continued to decline.

First half sales were lower than one year earlier and there was a sharp decline in net income mainly because of a decrease in operating revenue and extraordinary losses.



Financial Position (consolidated)

(Millions of yen)

	2012/9	2012/3	Rate of change
Total assets	538,217	582,404	-7.6%
Current assets	428,782	467,982	-8.4%
Fixed assets	109,434	114,422	-4.4%
Total liabilities	425,140	466,448	-8.9%
Interest-bearing debt	233,362	243,142	-4.0%
Net assets	113,077	115,956	-2.5%
Equity capital	113,117	114,209	-1.0%
Accumulated other comprehensive income	(2,324)	(580)	-300.7%
Minority interests	2,283	2,326	-1.8%

- Total assets decreased by 7.6% from end of the previous year, due to decrease in trade receivables and inventories.
- Interest-bearing debt decreased by 4.0%. Net debt-equity ratio remained steady at 193%.
- Total net assets decreased by 2.5% from end of the previous year, due to decrease in retained earnings and net unrealized holding gains on securities. Shareholders' equity ratio was 20.6%.
- BPS was 534.55 yen. (-13.67 yen)

Cash Flows Situation (consolidated)

(Millions of yen)

	2012/9	2011/9	change
<i>Cash flows from Operating activities</i>	13,834	3,736	+10.098
<i>Cash flows from Investing activities</i>	(2,557)	(6,178)	+3,621
<i>Cash flows from Financing activities</i>	(15,557)	(110)	(15,447)
<i>Cash and cash equivalents at end of the period</i>	19,317	18,968	+349

Net cash provided by operation was 13.8 billion yen due to decrease in trade receivables and inventories.

Net cash used in investment was 2.5 billion yen due to payment for purchase of fixed assets and investment securities.

Net cash used in financing was 15.5 billion yen due to decrease in short term loans.

Segment Information (consolidated)

Net sales

	2012/9	2011/9	Rate of change
<i>Steel</i>	355,618	366,600	-3.0%
<i>Metal & alloys</i>	50,622	68,349	-25.9%
<i>Non-ferrous metals</i>	32,779	33,553	-2.3%
<i>Foods</i>	46,109	46,231	-0.3%
<i>Petroleum & chemicals</i>	204,236	203,348	+0.4%
<i>Total for reportable segments</i>	689,366	718,082	-4.0%
<i>Other</i>	82,676	77,044	+7.3%
<i>Total</i>	772,043	795,127	-2.9%
<i>Adjustment</i>	(36,469)	(32,479)	-12.3%
<i>Consolidated</i>	735,573	762,648	-3.6%

Segment income

(Millions of yen)

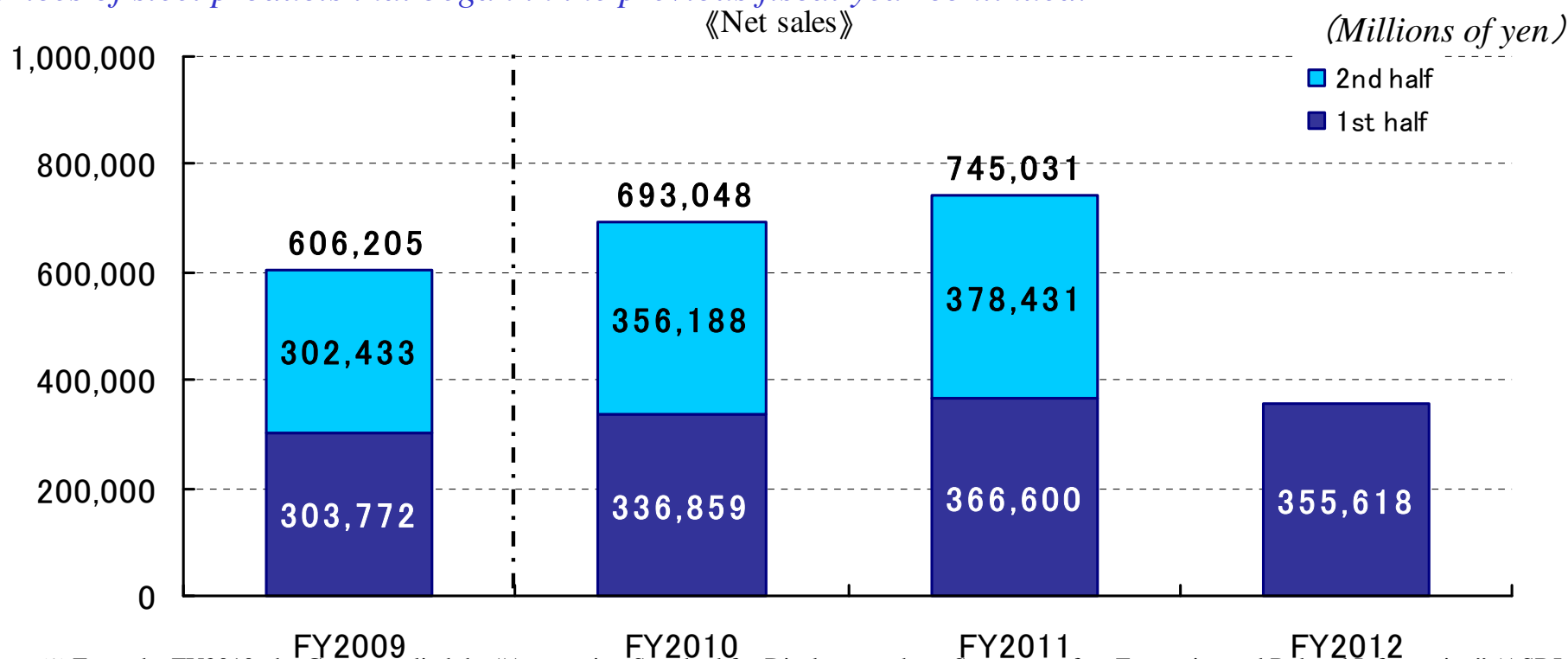
	2012/9	2011/9	Rate of change
<i>Steel</i>	3,941	4,366	-9.7%
<i>Metal & alloys</i>	1,248	2,305	-45.9%
<i>Non-ferrous metals</i>	389	1,587	-75.5%
<i>Foods</i>	401	949	-57.7%
<i>Petroleum & chemicals</i>	319	1,328	-76.0%
<i>Total for reportable segments</i>	6,300	10,537	-40.2%
<i>Other</i>	673	1,422	-52.7%
<i>Total</i>	6,974	11,960	-41.7%
<i>Adjustment</i>	(2,767)	(1,850)	-49.6%
<i>Consolidated</i>	4,206	10,109	-58.4%

(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2012/9	355,618	3,941	1.1%
2011/9	366,600	4,366	1.2%

Although significant earthquake recovery demand has not yet emerged, there were substantial orders mainly for civil engineering and small to midsize buildings, which are the first sectors to benefit from this demand. The operating rate was generally high for manufacturers, too.

Regarding earnings, profitability was low from our inventory and end-user transactions as the downturn in prices of steel products that began in the previous fiscal year continued.



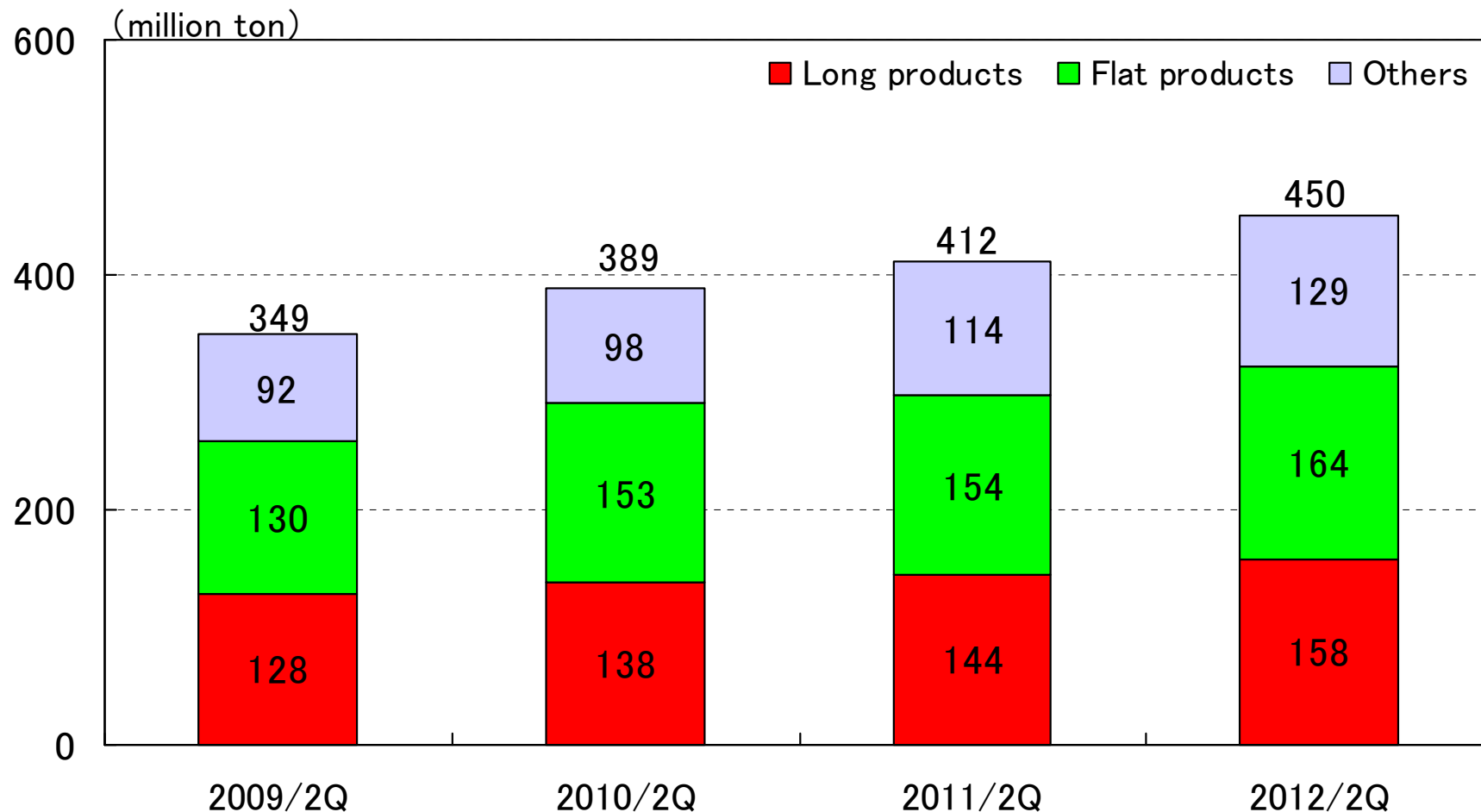
※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

Transaction volume in Steel Segment (unconsolidated)

Market conditions were difficult due to a sluggish spot market and a lackluster overseas steel market, but our sales volumes of both long and flat products were higher than one year earlier.

Our handling volume of steel scrap, which is included in others, continued to increase, too.

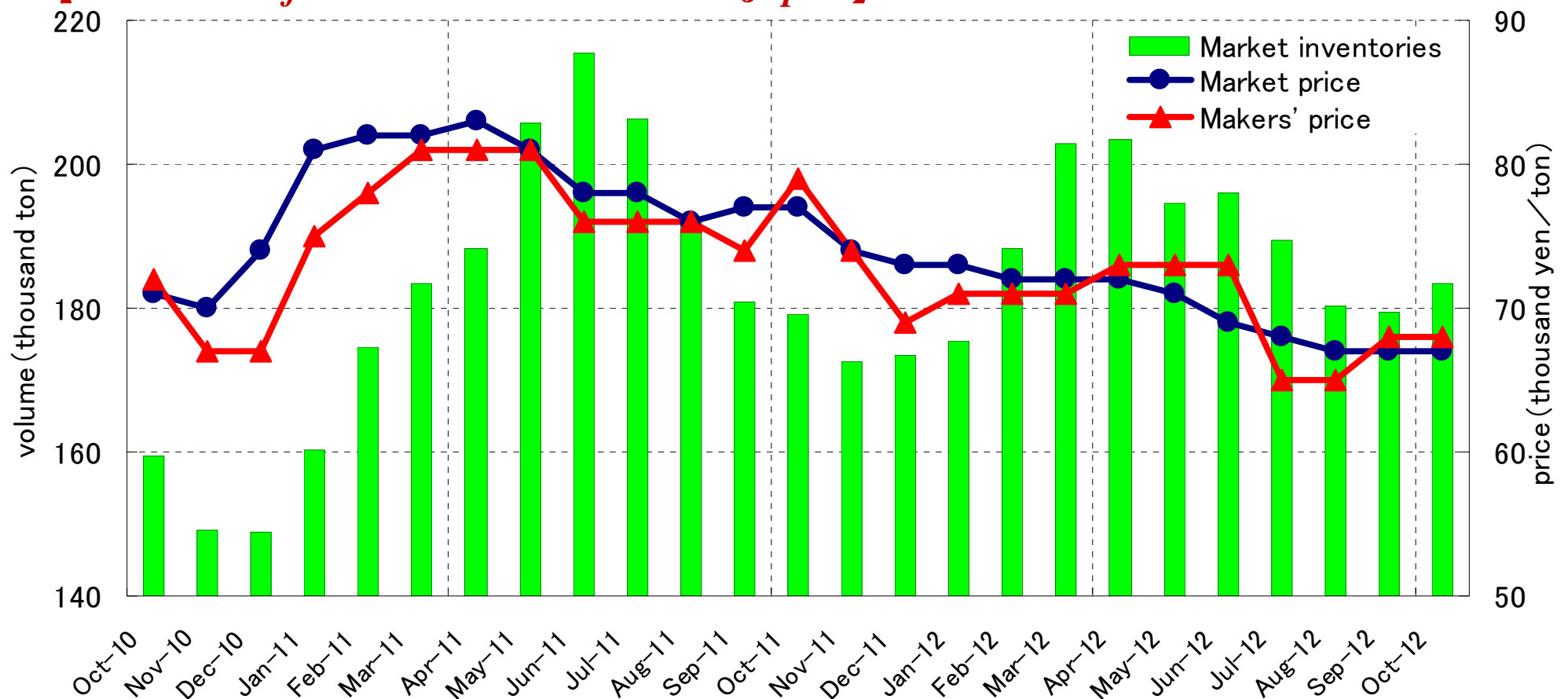
There are concerns about the effects of declining operating rates at Japanese manufacturers and increasing tension between China and Japan.



In 2012, inventories for spot markets increased as output climbed due to expectations for earthquake reconstruction demand. However, since there was no significant increase in spot market demand, market prices decreased with almost no interruption.

As inventories has gradually declined at this time, and distributors try to give an impression that the market is moving away from anticipation of falling prices.

[Transition of the H-Beams Markets in Japan]

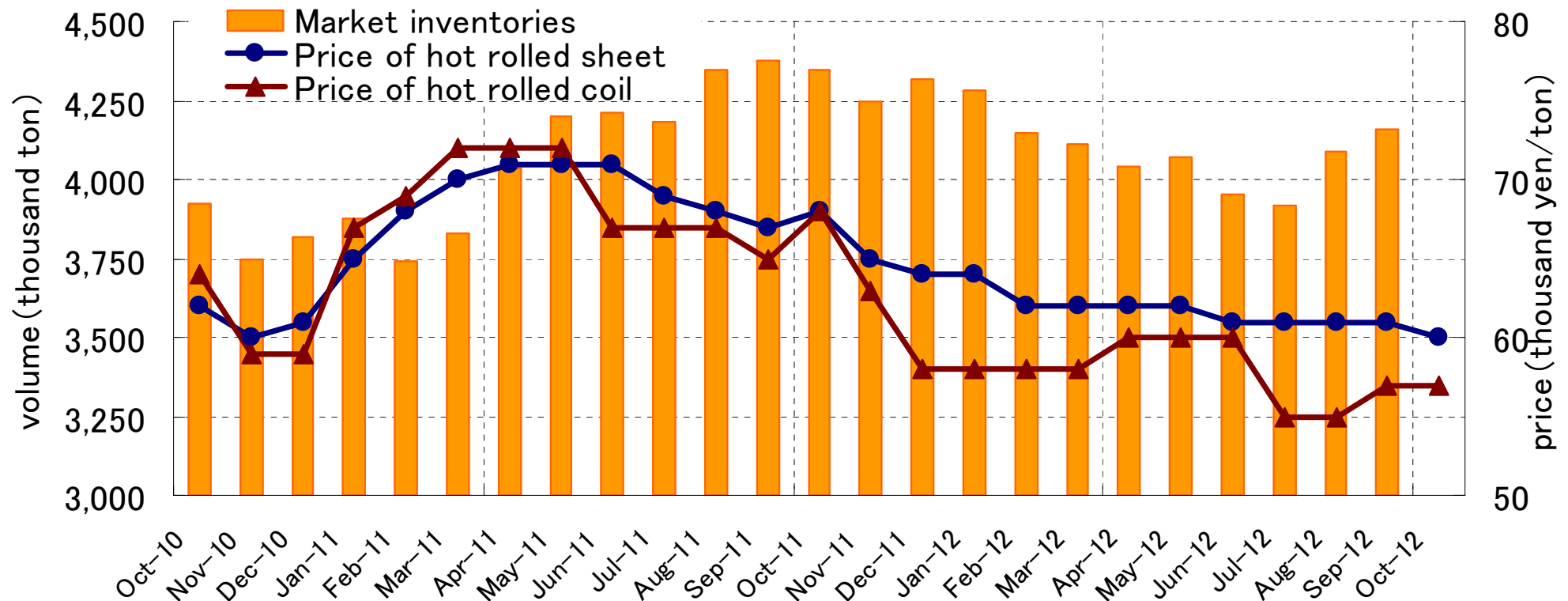


(Data source : Inventories _ Tokiwa-kai / Price _Japan metal daily)

Inventories decreased at a moderate pace but spot market prices were soft because of lackluster demand.

In the second half, there are concerns about weakening market conditions due to expectations for lower automobile production and a decline in operating rates at manufacturers of products sold in China.

[Transition of Steel Sheets Markets in Japan]

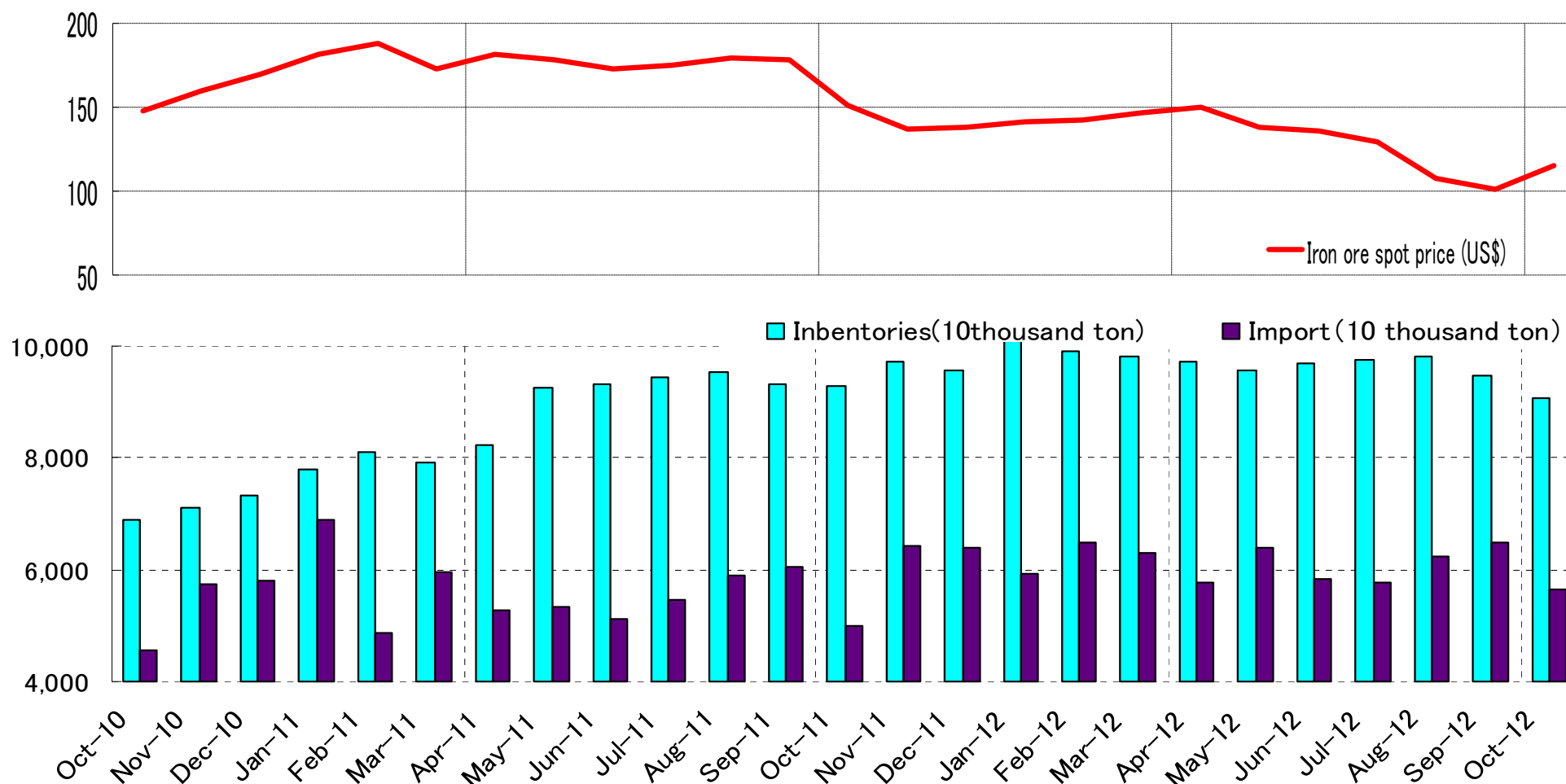


(Data source : Inventories _ The Japan Iron and Steel Federation / Price _Japan metal daily)

Market Trend of Steel Raw Materials

China's measures to restrain the economy along with flat demand for Chinese products in Europe caused the price of iron ore imported by China to fall about US\$50 in the first half. Although there was initially little reduction in inventories, market prices have been rebounding after China's National Day (October 1) along with an increase in buying and inventories are declining.

【Iron Ore Market in China】

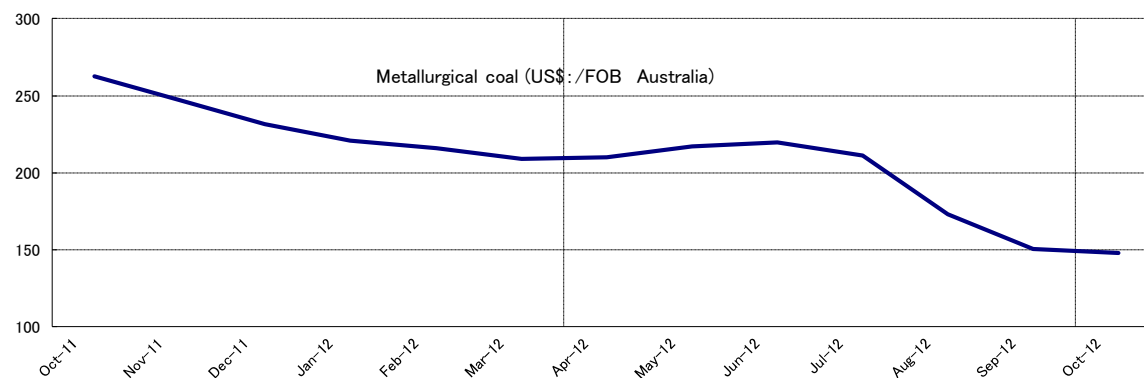


(data source : Interfax, China Customs)

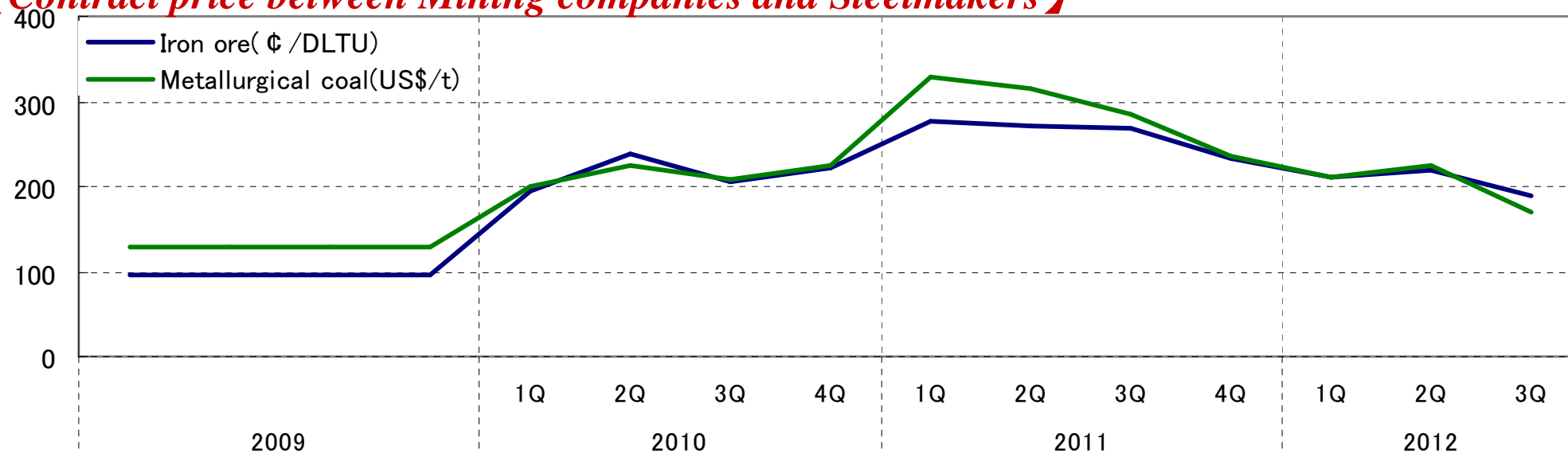
Following the end of the strike in Australia, the price of coking coal has plunged because of weak demand in China.

Quarterly prices with term commitments with mining companies have declined again following the small increase in the second quarter. Until then, the spot price fell before mining company prices, so quarterly prices remained relatively high.

【Metallurgical coal price】



【Contract price between Mining companies and Steelmakers】



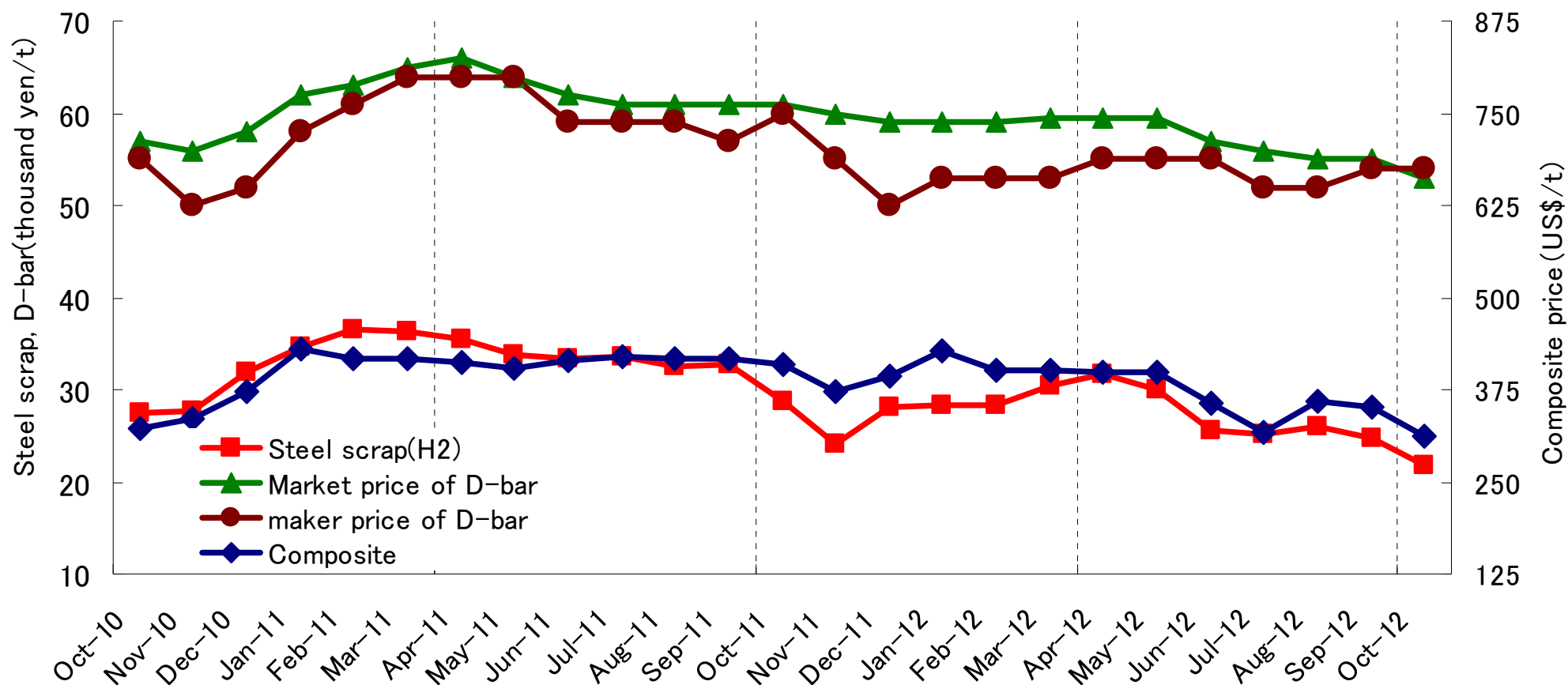
(Data source : some news report)

Markets Trend of Steel Scrap

For steel scrap, overseas prices were weak as buyers in Turkey, Korea, China and other countries were reluctant to purchase scrap. Steel scrap prices were low in Japan too as weak exports made it easier for EAF steelmakers to buy scrap. The price briefly rose in August due to expectations for post-Ramadan buying from Turkey but the market is currently sluggish again.

Prices for rebar are weak as well because the sluggish scrap market is creating strong expectations for further price declines.

【Steel scrap and D-bar Market Price】

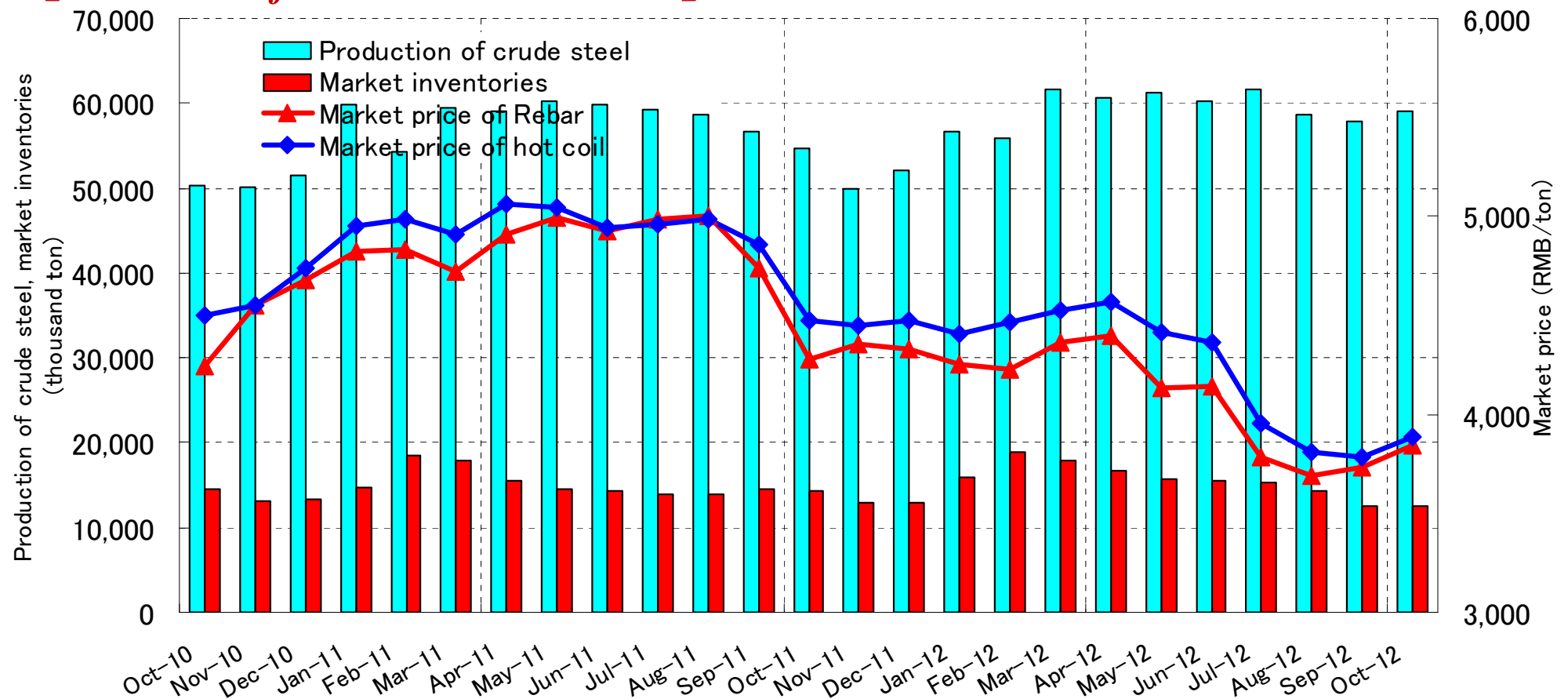


(Data source: The Japan ferrous raw materials association, Japan metal daily)

Crude steel output has remained high even after the decline in steel prices and there is still no correction in output. There are also signs of excessive inventories.

Market prices have been climbing since October, but the outlook is unclear because the winter season of weak demand is approaching.

【Transition of steel market in China】

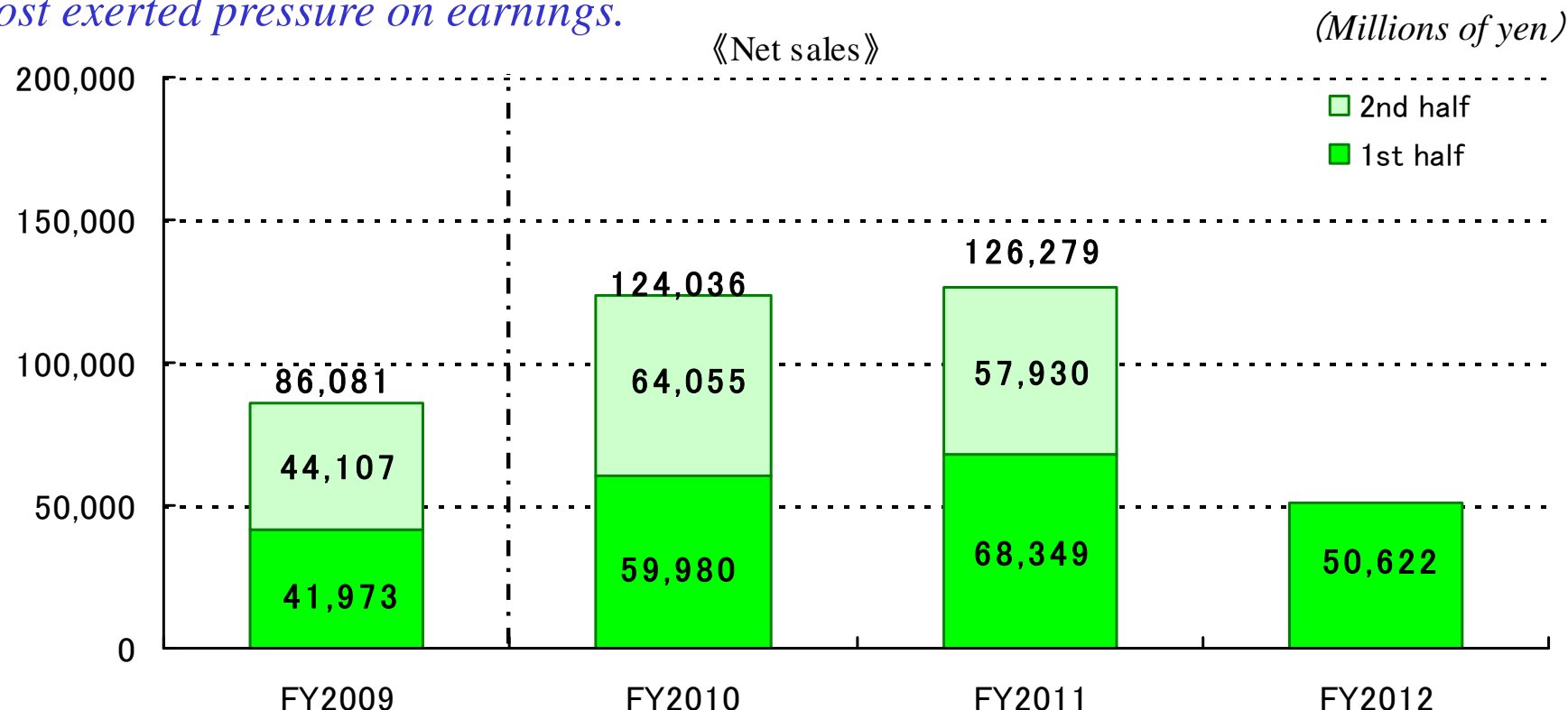


(Data source : The Japan Iron and Steel Federation)

(Millions of yen)

	Net sales	Segment income	Profit ratio
2012/9	50,622	1,248	2.5%
2011/9	68,349	2,305	3.4%

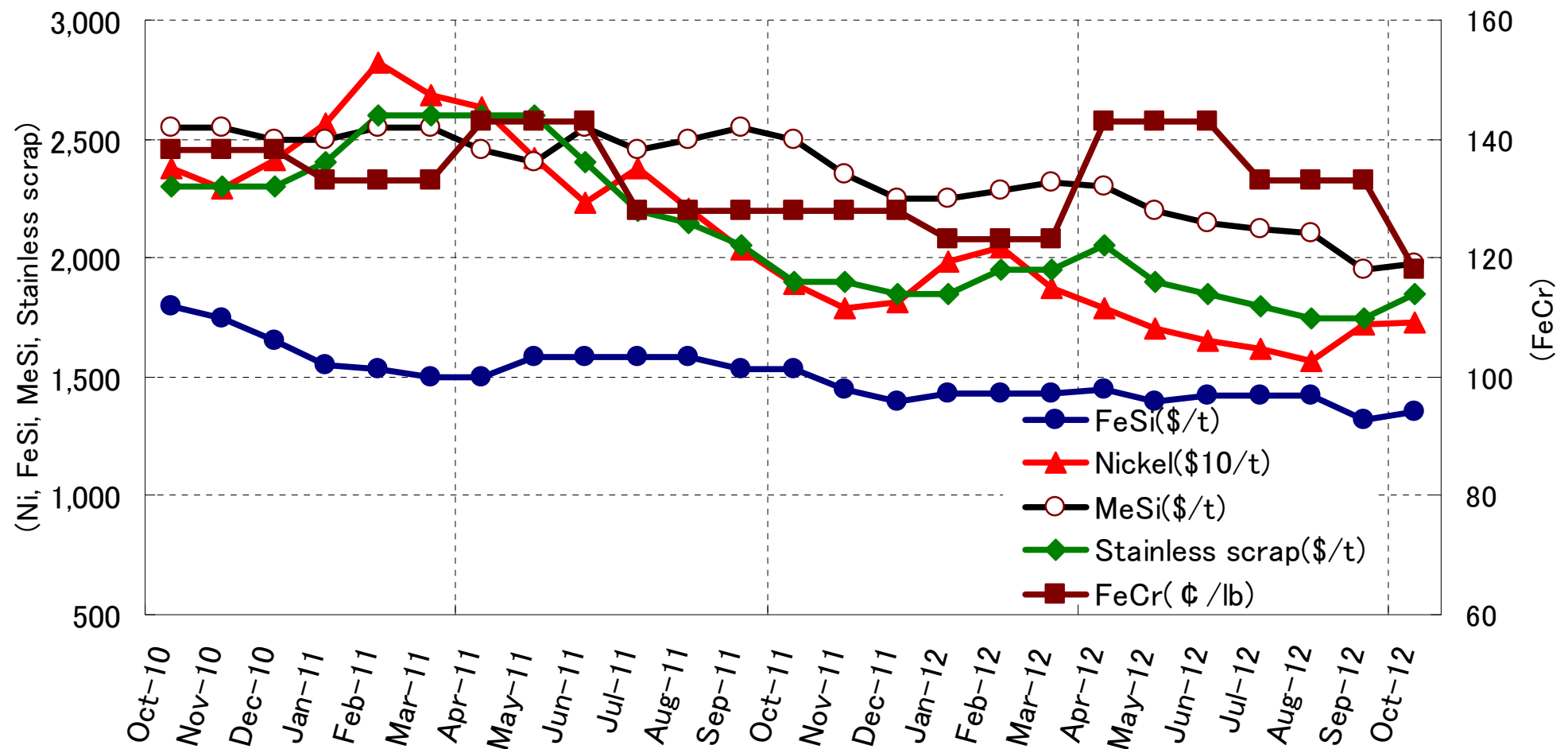
Stainless steel manufacturers have slashed output in response to weak global demand. Prices for raw materials have dropped as demand declined. With sales volumes falling, there is a smaller amount of scrap generation. The resulting increase in procurement cost exerted pressure on earnings.



※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

Due to weak stainless steel demand, demand for raw materials decreased and resulted in price declines for nickel, ferroalloys and all other raw materials.

The price of nickel rebounded in September but is currently retreating.

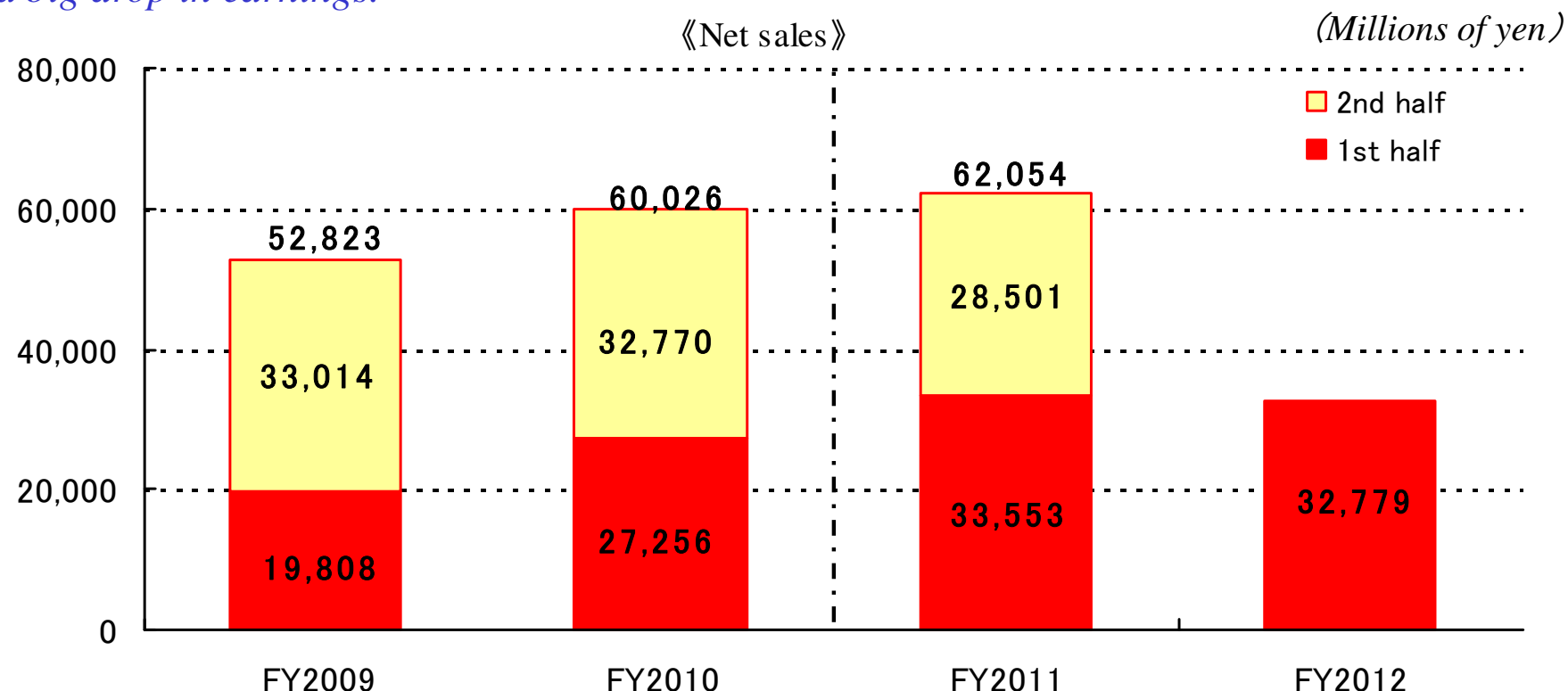


Non-ferrous Metals Business Segment

(Millions of yen)

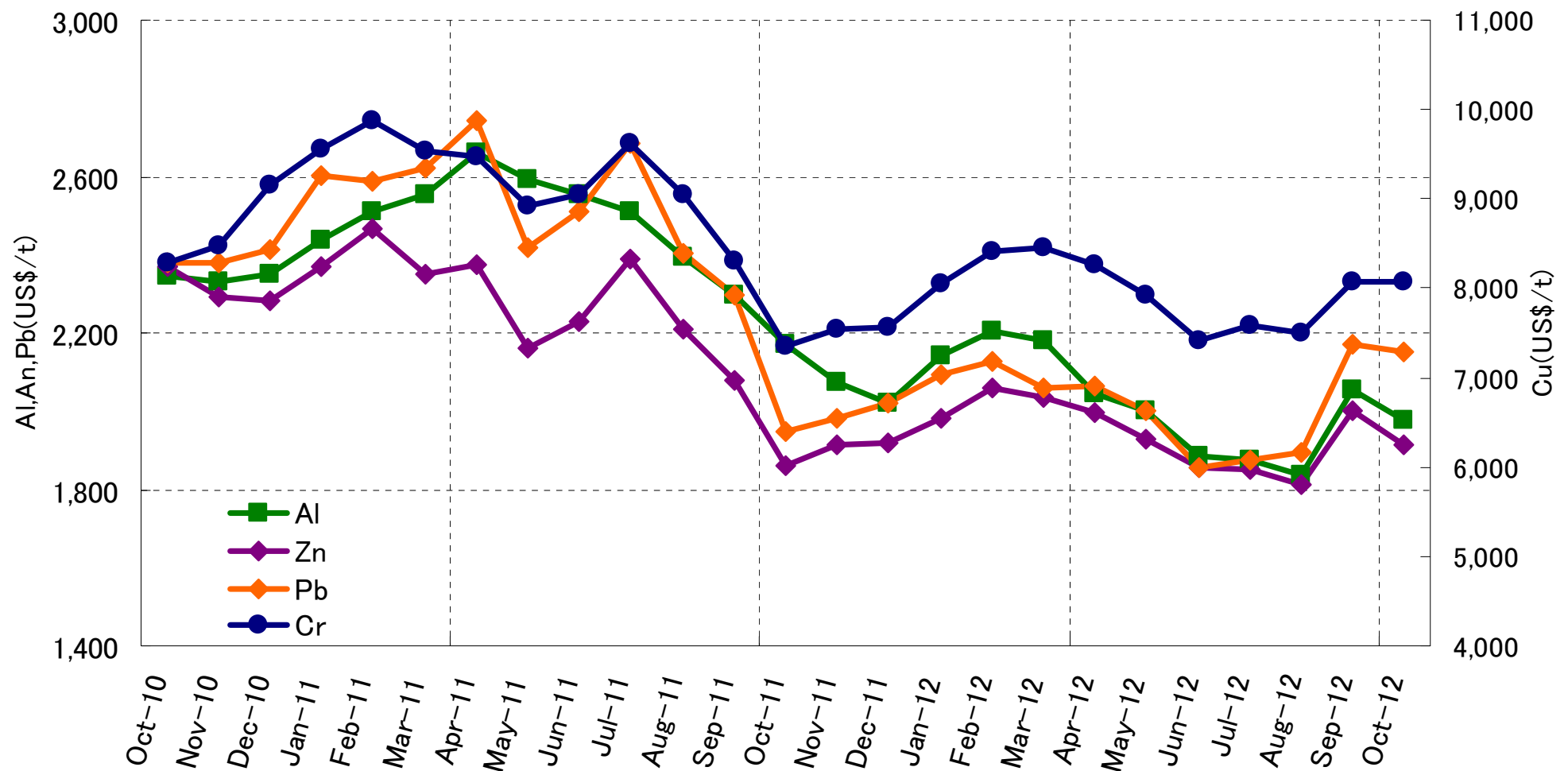
	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2012/9	32,779	389	1.2%
2011/9	33,553	1,587	4.7%

Demand was relatively strong, mainly for automobiles, and the scrap sales volume was higher, too. But the higher cost of procurement caused by the falling amount of scrap made it difficult to make a profit. Along with a decrease in valuation gains on derivatives for hedging, the result was a big drop in earnings.



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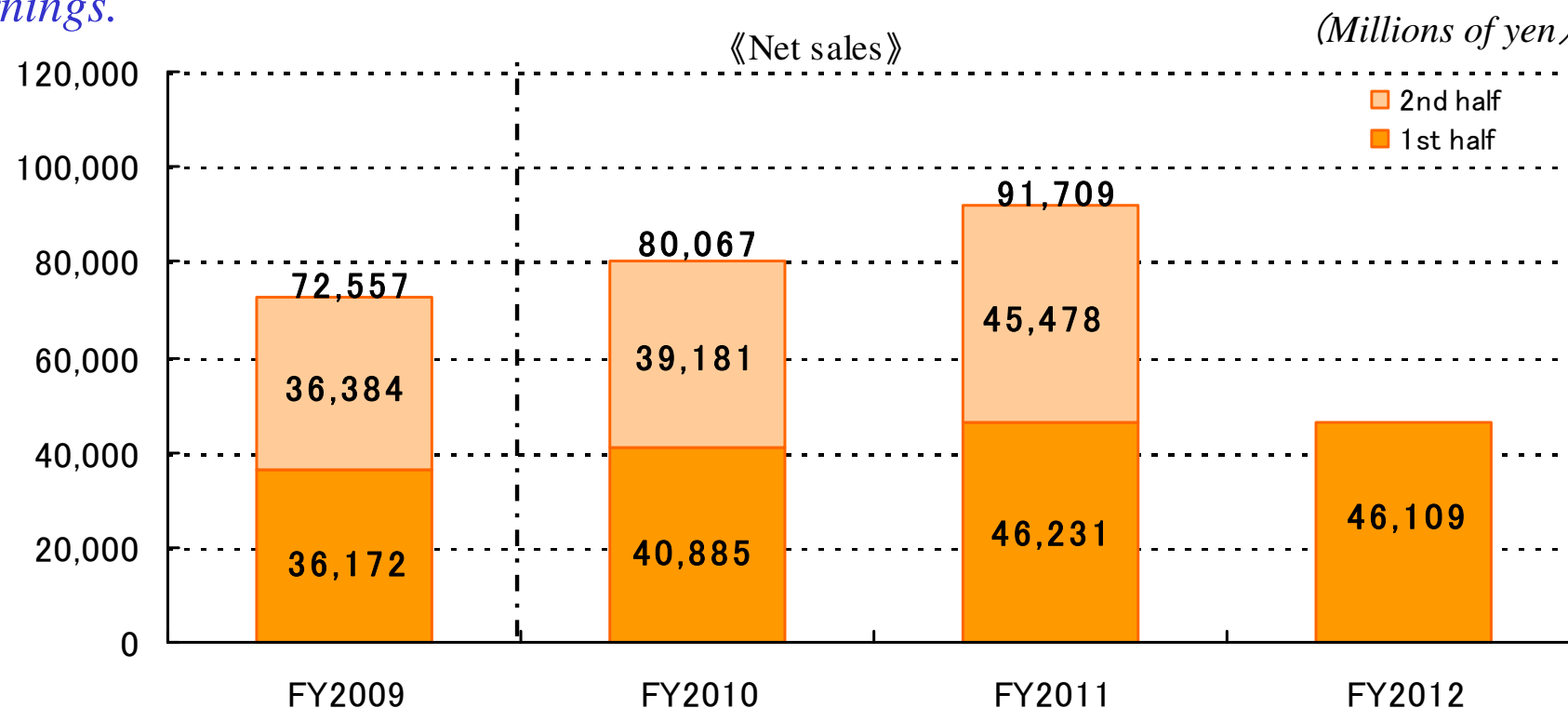
LME prices fluctuated with declining trend due to speculative trading associated with shifts in the financial climate. In September, expectations fueled by U.S. monetary easing and China's approval of infrastructure investments sparked a rebound in prices. But LME prices are again declining because of the IMF downward revision in the global economic outlook.



(Millions of yen)

	Net sales	Segment income	Profit ratio
2012/9	46,109	401	0.9%
2011/9	46,231	949	2.1%

Demand in Japan is sluggish. Prices of farmed salmon plummeted in the previous fiscal year and continued to fall in the first half. This caused sales prices and volumes of other fish to decrease, too. Lower prices of shrimp and other major products also brought down earnings.

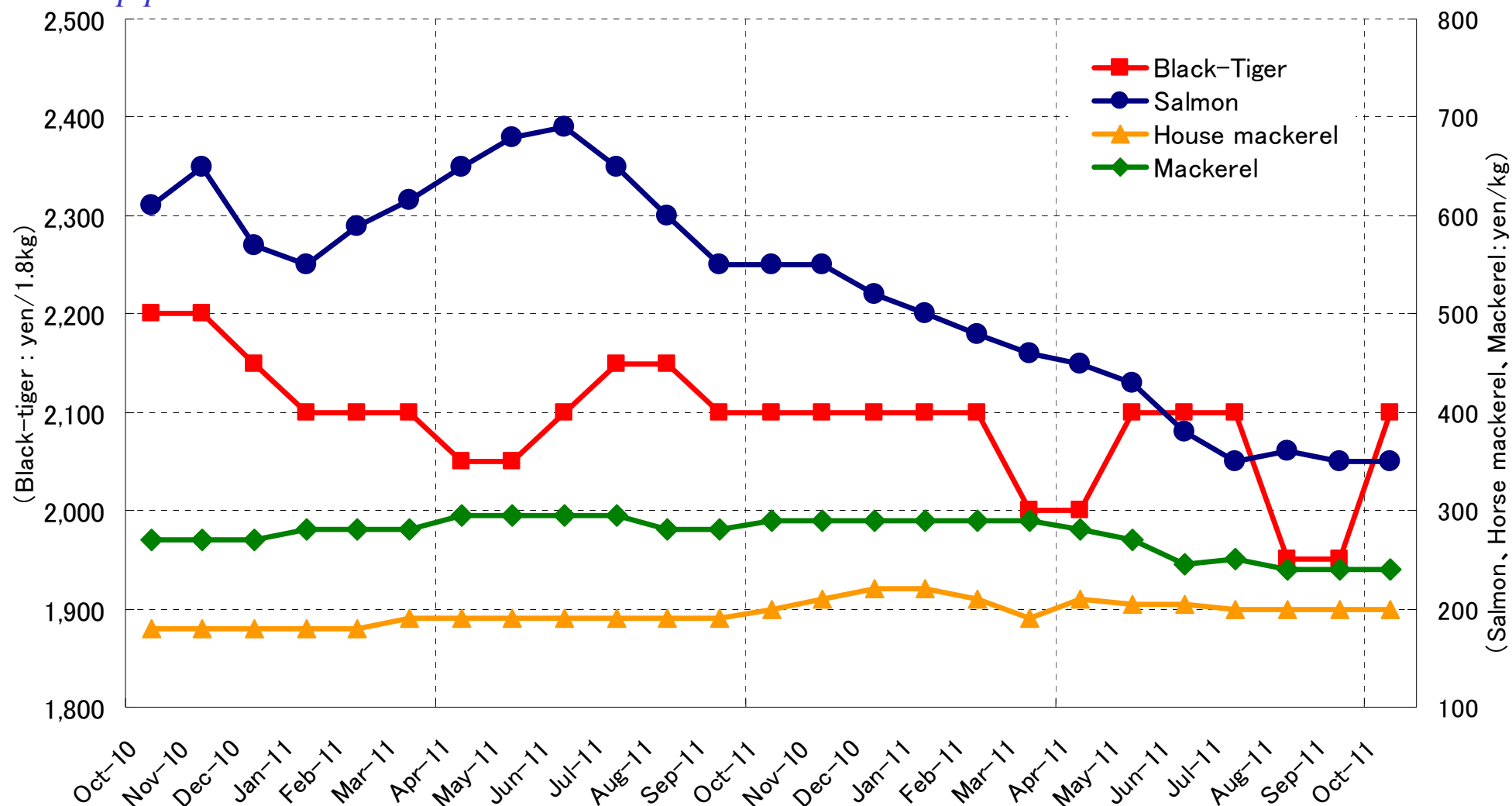


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Market Trend of Frozen Marine Products

Prices of farmed salmon continued to fall in the current fiscal year but the downturn has finally stopped.

The international price for shrimp was low because of global economic weakness but is currently rebounding due to tightening supplies caused by the chemical contamination problem involving shrimp produced in India.



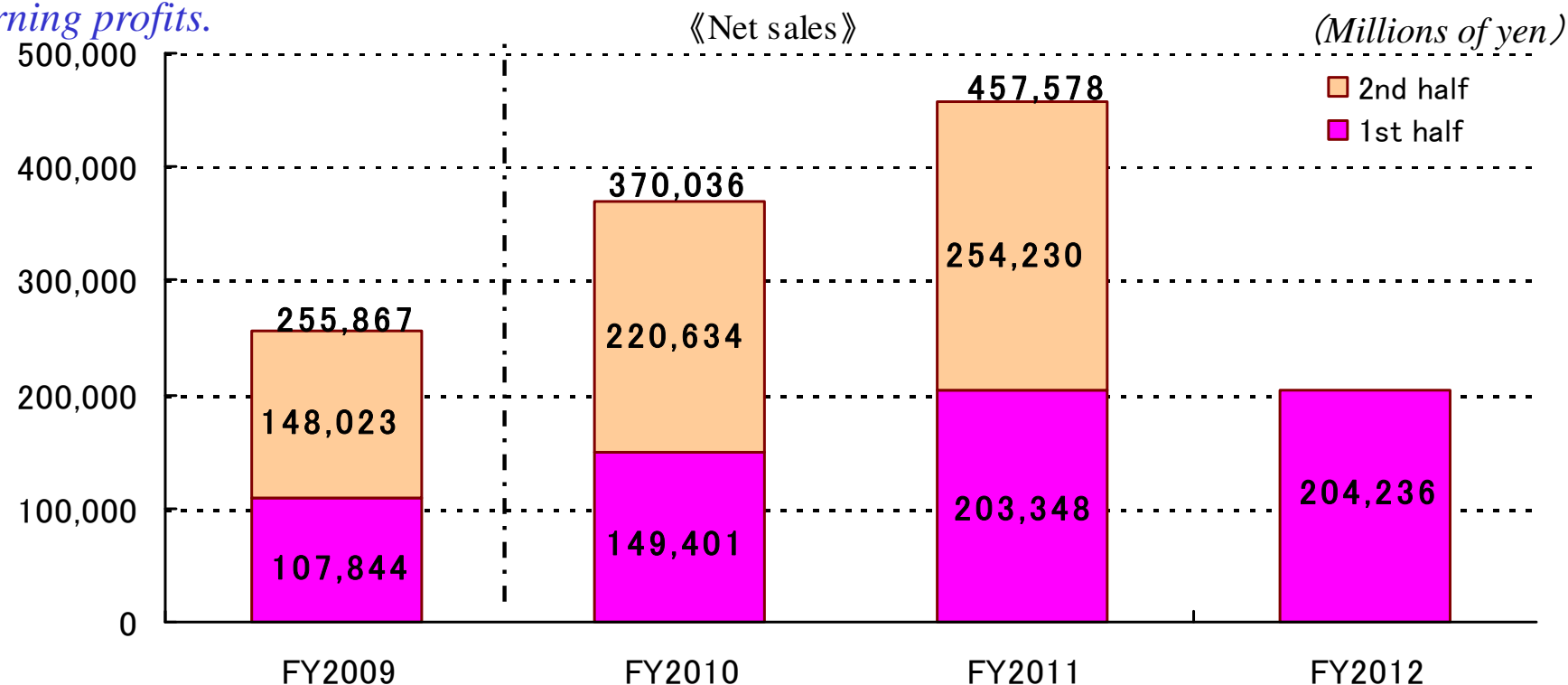
Petroleum & Chemicals Business Segment



(Millions of yen)

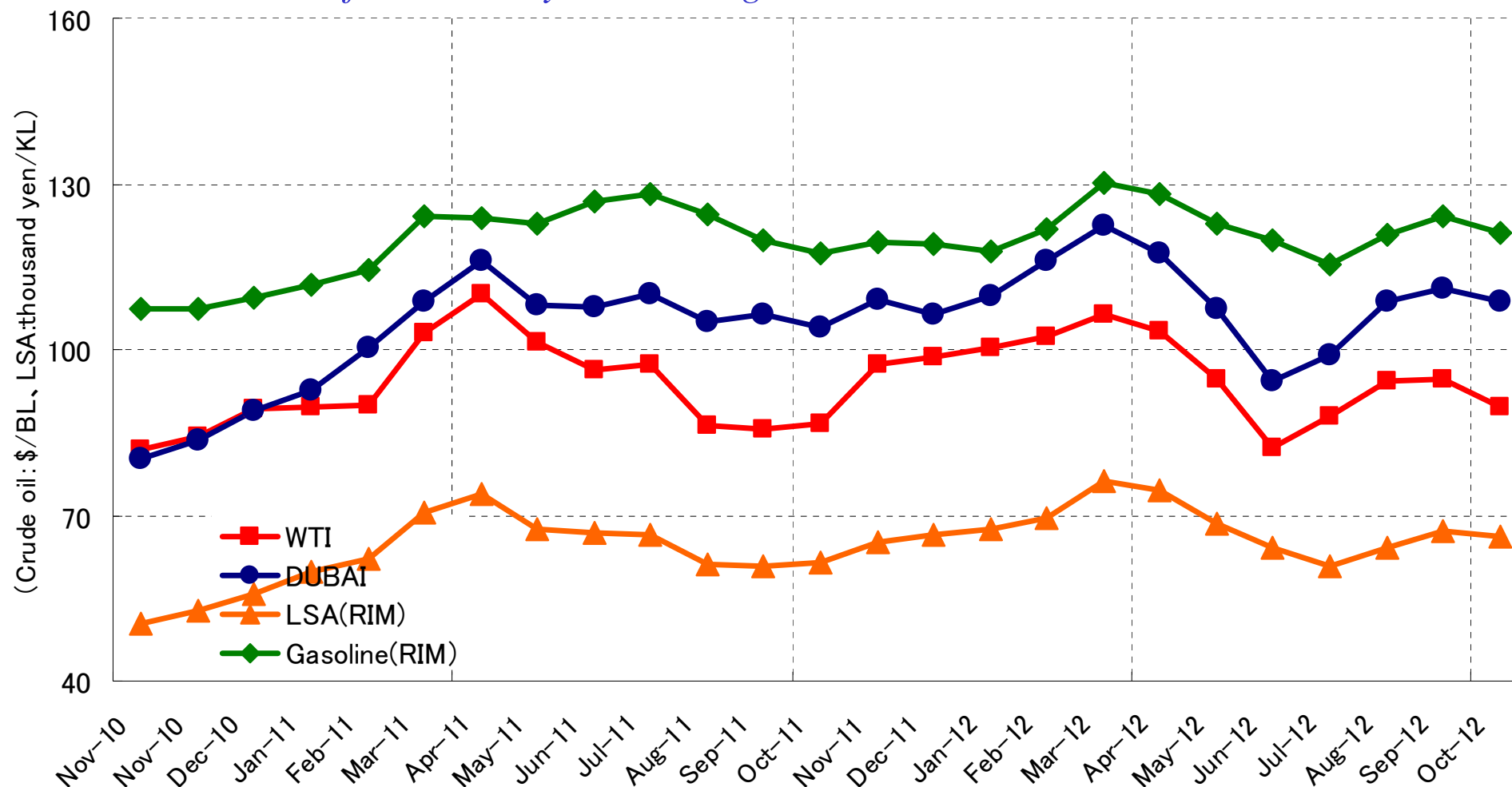
	Net sales	Segment income	Profit ratio
2012/9	204,236	319	0.2%
2011/9	203,348	1,328	0.7%

Demand was weak overall but collaboration with subsidiaries supported higher sales of diesel oil. Last year, there was a temporary contribution to earnings associated with the Great East Japan Earthquake. Furthermore, price competition is currently intense and the cost of purchasing petroleum products is rising along with the rebound in the price of crude oil, resulting in a difficult climate for earning profits.



※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

The price of crude oil was declining because of financial instability in Europe, but situation in the Middle East and national disasters like the U.S. hurricane led the price rebounded in the second quarter. Although wholesale prices of petroleum products increased with the cost of crude oil, petroleum product prices have been declining since October because of uncertainty about the global economic outlook.



【Strengthening of Domestic Business】

Expansion of domestic bases

Establishment of Okayama branch (Apr-2012)

Opening of Hanwa Logistics Sakai and Hanwa Logistics Kyushu (Apr-2012)

M&A for strengthening of function

Acquisition ownership of Kaneki Co., Ltd. (Aug-2012)

Acquisition ownership of Hirouchi Atsuen Kogyo Co., Ltd. (Aug-2012)

Equity Investment in Seiki Metal Inc Co., Ltd. (Oct-2012)

(Note: In 2014, with the intention to acquire ownership)

【Enhancement of Overseas Operation】

Expansion of overseas bases

Establishment of Tianjin Office in China (Jun-2012)

Establishment of Mexico city Office in Mexico (Nov-2012)

Promotion of business investment

*Equity investment in SMC Trading Investment Joint Stock Company in Vietnam
(May-2012)*

Comprehensive Tie-Up with Bohai Steel Group (Jul-2012)

Strengthening of processing function

Investment in plant and equipment in HSS Indonesia (Jun-2012)

First half performance fell below the initial outlook mainly because of falling markets. In the second half, the operating environment is extremely unclear. Major causes include the situation in Europe, operating rates in Japan in the automobile and other industries, and the effect of increasing tension between China and Japan on demand for various products in China.

Because of first half performance, the interim dividends have been reduced by ¥4.

Hanwa expects to leave the year-end dividends unchanged at ¥6. (Millions of yen)

	<i>Interim</i>	<i>FY2012</i>	<i>FY2011</i>
<i>Net sales</i>	<i>735,573</i>	<i>1,486,000</i>	<i>1,564,250</i>
<i>Operating income</i>	<i>5,032</i>	<i>12,300</i>	<i>14,976</i>
<i>Ordinary income</i>	<i>4,206</i>	<i>10,600</i>	<i>13,116</i>
<i>Net income</i>	<i>(87)</i>	<i>3,900</i>	<i>4,632</i>

	<i>Year</i>	<i>Interim</i>	<i>Year-end</i>
<i>Cash dividends (yen)</i>	<i>10.00</i>	<i>4.00</i>	<i>6.00</i>

This material contains statements (including figures) regarding Hanwa Co.,Ltd.(“Hanwa”)’s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the Views of Hanwa’s management but should not be relied on solely in making investment and other decisions. Readers should not place undue reliance on forward-looking statements.